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## Relationship marketing: old wine in a new bottle?

### Abstract

As companies increasingly recognize the importance of interaction with customers, relationship marketing is assuming a central place in both marketing theory and practice. The purpose of this article is to investigate to what extent relationship marketing is founded on a solid and consistent theoretical basis so that it can be considered a new paradigm. The main contribution of the article is the integrative view of the origins, evolution and future of relationship marketing as well as the raise of some new insights that will be useful for continuing research in this field. In this regard, two important streams of research are examined and discussed – the Nordic School and the IMP Group – along with the contributions of the Anglo-Australian School and the relationship approach to branding. The main conclusion is that in spite of relationship marketing is being recognized as a major stream of research with greatest expression in the marketing field, it appears that it cannot yet be regarded as a new paradigm given the multiplicity of theoretical and methodological approaches.

**Keywords:** relationship marketing, transaction marketing, services, business-to-business, distribution channels, branding.

### Introduction

At a time of intense competition and increasingly demanding consumers, relationship marketing has attracted the attention of both researchers and managers. Academics have focused their attention on its scope, and developed a conceptual framework aimed at understanding the nature and value of the relationships not only with customers but also with a number of other stakeholders. Many researchers with varied interests in the field of marketing – such as distribution channels, services marketing, business-to-business marketing and marketing communication – have studied and explored the conceptual fundamentals of relationship marketing and its application in the business world (Palmer, Lindgreen and Vanhamme, 2005). In 1994 Grönroos stated that relationship marketing would probably turn into one of the dominant paradigms in marketing theory.

What are the origins of this approach? It is generally accepted that the roots of the expression “relationship marketing” can be found in the early 1980s. It appears for the first time in academic literature in 1983 when Leonard Berry, in a book on marketing to services, writes a chapter entitled “Relationship Marketing”. Two years later, in the context of a project related to industrial marketing, Barbara Jackson uses the same expression of “relationship marketing” in her book *Winning and Keeping Industrial Customers* as well as in an article published in *Harvard Business Review* in 1985. This fact bears mentioning: the two researchers who introduced the expression – one in the area of services and the other in the industrial field – indicate, to some extent, its conceptual pillars. Finally, we must also mention the great Theodore Levitt, who in 1983, without using the term “relationship marketing” in those exact words, states that the objective of a business should

not be limited to sales in itself but should also provide the greatest customer satisfaction, which depends on “how well the relationship is managed by the seller” (Levitt, 1983, p. 111).

In 25 years, relationship marketing has undergone a significant evolution, with its current status undeniable. A recent Google search showed close to 8 000 000 hits for the search term “*relationship marketing*”. On the other hand, the American Marketing Association changed its definition of marketing in 2004, putting in evidence its relational nature: “marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.” It is interesting to compare this definition with the one adopted before: “marketing is the process of planning and executing the conception, pricing, promotion, and distribution of goods, ideas, and services to create exchanges that satisfy individual and organizational goals.” It should be noted that the *Journal of Public Policy & Marketing* published a special issue at the end of 2007 dedicated to the theme of “The American Marketing Association’s New Definition of Marketing: Perspectives on Its Implications for Scholarship and the Role and Responsibility of Marketing in Society”, which reveals how the definition of marketing has changed its focus.

Furthermore, in its report on research priorities for 2006-2008, the Marketing Science Institute clearly stated that customer relationship management is one of the most relevant areas. They have stated that “realizing that their customers now have better opportunities for switching suppliers or brands, our companies are looking for ways to engage their customers and thus strengthen customer loyalty. Loyalty programs have been in place for some time, but can they be maintained without damaging long-term profitability? Companies are interested in discovering new ways to create

and sustain emotional connections with the brand” (Marketing Science Institute, 2006, p. 4).

The fact of relationship marketing has gained such an importance over the past two decades raises a main issue that has guided our research: to what extent is relationship marketing founded on a solid and consistent theoretical basis so that it can be considered a new paradigm? To address this problem, the paper aims at answering the following questions:

1. What are its conceptual roots?
2. What does relationship marketing mean?
3. What are the main streams of current research?

The article is organized as follows. Section 1 offers an overview of the origins of relationship marketing, focusing not only on scientific issues but also on those most associated with the business world. Section 2 discusses the concept of relationship marketing and how its scope is addressed by the most important literature. Section 3 focuses on the most significant schools of thought. Section 4 is mainly operational in nature since it focuses on the main managerial tools for the implementation of a relationship marketing approach in companies and other organizations. The final Section addresses the main contributions of the article.

## 1. The roots of relationship marketing

In the academic field, a number of prestigious conferences as well as some special issues of important journals have contributed to the current level of relevance of relationship marketing. Notable is a series of conferences promoted by the International Colloquium of Relationship Marketing (the first of which was held at Monash University in Australia in 1993), the conferences at Emory University which also began in the same year, the seminar organized by the American Marketing Association in Berlin (1996) and the Dublin conference in 1997. As for publications, the most important in the 1990s are the special issues on the theme in the *Journal of the Academy of Marketing Science* (1995), the *European Journal of Marketing* (1996), the *Asia-Australia Marketing Journal* (1996) and the *Journal of Marketing Management* (1997).

In the business world, there are also various factors that have increased the importance of relationship marketing. Several authors (cf. Dibb, 2001; Grönroos, 2007; Lara and Casado, 2002; Little and Marandi, 2003; Sheth and Parvatiyar, 1995; 2000) have shown which changes, both on the supply and demand side, have increased the strategic importance of more relationship-oriented approaches. Among the factors most generally mentioned are: (1) the tendency for lesser effectiveness of mass-market approaches; (2) the advances in the field of new technologies, not only in terms of communication

and information but also in production and logistics; (3) the high level of competition seen in the increasing number of available brands, ones often viewed as having little that distinguishes one from another; (4) the growing importance of services; (5) the emergence of new business models based on partnerships and networks, fostered by the process of globalization. Last but not least, the Internet has played a big role, at least in the U.S., for marketers to take the idea of relationship and loyalty more seriously as the switching costs are very low in the Internet channel and keeping customers loyal is very important. The technology also gave the means to identify and start relating with the customer.

In addition, the fast development of information and communication technologies over the past two decades has acted as a catalyst for more interactive market approaches. The capacity for storing and extracting data offered by new technologies – allowing for what is commonly known as data warehouse and data mining – has increased the ability of organizations to deal with a vast quantity of information from customers that it would otherwise be unthinkable. From the point of view that marketing is regarded as a support tool, the truth is that new information and communication technologies have greatly advanced the capacity for individualized management of customer relationships. Malthouse (1999), Mulhern (1999), O'Connor and Galvin (1997), Reinartz and Kumar (2000), Reinartz, Thomas and Bascoul (2008), Rust and Kannan (2003), Swift (2001) and Tapp (1998) are some of the most important researchers in this field.

With this being the academic and business framework in which relationship marketing has been developing and affirming itself, it becomes interesting to perceive in a more precise way what its theoretical foundations are. Based on the contributions of researchers (cf. Brodie et al., 1997; Coviello et al., 1997; Eiriz and Wilson, 2006; Gummeson, 1996; Mattsson, 1997; Möller and Halinen, 2000; Morgan and Hunt, 1994), the conceptual origins of relationship marketing can be found in essentially three areas: distribution channels, industrial marketing and services marketing.

**1.1. Distribution channels.** Some of the most important issues on distribution channels – which origins go back to the 1970s (cf. El-Ansary and Stern, 1972; Rosenberg and Stern, 1971; Stern, 1969) – deal with the conflict of power in the context of the buyer-seller interaction process. In general, the understanding and explanation of structures of governance and the nature of the two-way behavior of the parties is sought. In this vein, most studies have focused on inter-organizational relationships, namely within a perspective of effi-

ciency of economic transactions (Heide and John, 1990), although there is also research centred on social aspects and economic policy (Reve and Stern, 1985). Important references in the area, beyond the ones mentioned above, are Anderson and Narus (1984; 1990), Geyskens et al. (1998), Grundlach et al. (1995) and Joshi (1995), among others.

**1.2. Industrial marketing.** The literature on distribution channels has contributed in part to the emergence of an important stream of research on interaction and inter-organizational networks, the most prominent research group of which is the IMP – Industrial Marketing and Purchasing. Primarily European, its main research centres are in the Nordic Countries (such as the Uppsala University and the Stockholm School of Economics), as well as in the United Kingdom, where the Universities of Lancaster, Manchester (at the time called UMIST – University of Manchester Institute of Science and Technology) and Bath deserve special mention. With their initial studies centred on the understanding of two-way interaction at the organizational level (cf. Ford, 1980; Håkansson, 1982; Turnbull and Valla, 1986), later work was advanced toward a more integrated and wide-reaching network approach (cf. Axelsson and Easton, 1992; Ford et al., 1998; Gadde and Håkansson, 2001; Håkansson, Harrison and Waluszewski, 2004; Naudé and Turnbull, 1998).

**1.3. Services marketing.** The third theoretical area, on which relationship marketing is founded, is services marketing. Since the late 1970s, researchers in this area have shown that the development of a conceptual framework for services based exclusively on the traditional approach of product marketing mix was manifestly insufficient (Parasuraman, Zeithaml and Berry, 1985). Customer participation, not only in consumption but also in the production of the service, in conjunction with the simultaneity seen between both processes – something that came to be called “*servuction*” by Eiglier and Langeard (1987) – made clear the relational nature of services. Important contributions in this field deal with quality management and its association with customer satisfaction (an idea that became central to relationship marketing), as well as the importance of people and processes in service quality. Important references in this field are two authors of the Nordic School (Grönroos, 1990, 1994, 2007; Gummesson, 1991; 1993; 2002) as well as Crosby et al. (1990), Gwinner et al. (1998), Rust et al. (1996) and Zeithaml et al. (1990).

## 2. From transaction marketing to relationship marketing

With these as the roots of relationship marketing, the truth is that we confront a relatively recent theoretical field, where a wide consensus does not yet exist about

what the concept entails (Grönroos, 2006a). To illustrate this point, Table 1 includes the definitions from some of the most respected authors on the subject.

Table 1. Definitions of relationship marketing

Author	Year	Definition
Berry and Parasuraman	1991	“Relationship marketing concerns attracting, developing, and retaining customer relationships” (apud Hunt et al., 2006, p. 73).
Sheth	1994	“Relationship marketing is the understanding, explanation, and management of the ongoing collaborative business relationships between suppliers and customers” (apud Hunt et al., 2006, p. 73).
Grönroos	1996	“Relationship marketing is to identify and establish, maintain, and enhance relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met; and this is done by a mutual exchange and fulfilment of promises” (op. cit., p. 11).
Gummesson	2002	“Relationship marketing is marketing based on interaction within networks of relationship” (op. cit., p. 3).

Among these four definitions, the first has a more limited scope – since it deals with the relationships with customers – whereas the others are broader, given that they include other actors besides the customers. Sheth (1994) refers explicitly to suppliers and customers, Grönroos (1996) goes further and includes other stakeholders, and Gummesson (2002) goes even further and does not refer to any particular type of actor, speaking about networks. It is not by chance that this happens. These quotations are cited in chronological order, which leads us to state that the initial conceptions of relationship marketing were more focused on the customers, whereas the more recent ones tend to be more encompassing.

In this context, one cannot fail to mention the role that relationship marketing plays as a component of the holistic marketing, as suggested by Kotler and Keller (2006). They argued that marketing should be regarded in an integrated and comprehensive way. “Holistic marketing recognizes that “everything matters” with marketing – and that a broad, integrated perspective is often necessary. Four components of holistic marketing are relationship marketing, integrated marketing, internal marketing, and social responsibility marketing” (op. cit., p. 17). According to Kotler and Keller, relationship marketing aims at developing relationships (economic, social and technical) mutually satisfactory in the long-term between the company and its stakeholders: customers, suppliers, distributors, etc. Integrated marketing corresponds to the management of classic marketing mix variables introduced by Jerome McCarthy in his seminal work of 1960: product, price, promotion and distribution. Internal marketing, the third component of holistic marketing, focuses on the company’s em-

ployees. Its purpose is to sell the idea of the company to employees – that is, to increase their motivation and commitment through the use of marketing techniques. Finally, social marketing aims to integrate social responsibility with ethical, environmental, social and legal issues. In short, for Philip Kotler and Kevin Keller relationship marketing cannot be regarded as a new paradigm, but as one component of a broad and holistic marketing. That is, as the authors point out, relationship marketing is no more than one piece of a new “approach to marketing that attempts to recognize and reconcile the scope and complexities of marketing activities” (op. cit., p. 17).

It is in this line that Parvatiyar and Sheth (2000) address the narrow versus broad views of relationship marketing. One of the more daring definitions – and also one of the least precise – is that of Morgan and Hunt (1994). On the basis of the work of Dwyer, Schurr and Oh (1987), the authors state that “relationship marketing refers to all marketing activities directed towards establishing, developing, and maintaining successful relational exchanges” (op. cit., p. 22). It should not be surprising that such a broad definition has been criticized by various authors. For example, Peterson (1995, p. 279) states that “if the definition of Morgan and Hunt is true, then relationship marketing and marketing are redundant terms and one is unnecessary and should be stricken from the literature because having both only leads to confusion”. In any way, Morgan and Hunt’s definition has merit insofar as it addresses the distinction between transaction marketing and relationship marketing. Indeed, the process of creating value is different in the two cases.

While in transaction marketing the aim is to deliver value to the customer (who will rate it with regard to the results obtained), in the relationship perspective the customer tends to be involved in the process of value creation.

Transaction marketing basically corresponds to the above-mentioned definition that the American Marketing Association adopted up to 2004: “marketing is the process of planning and executing the conception, pricing, promotion, and distribution of goods, ideas, and services to create exchanges that satisfy individual and organizational goals.” In other words, transaction marketing – unduly referred to as “traditional marketing” in certain types of literature – addresses the classical threesome of segmentation, targeting and positioning as well as the management of the 4 Ps, i.e. marketing mix variables.

Although the literature distinguishes transaction marketing from relationship marketing, there is some consensus on the fact that the two approaches do not constitute extreme points or alternative opposites, and that they should be viewed as a continuum (Grönroos, 2007; Gummesson, 2002). This means that a company can adopt a more transaction-oriented marketing or a more relationship-based approach (Figure 1). Gummesson (2002), quoting Jackson (1985a), states that “relationship marketing can be extremely successful, where it is appropriate, but it can also be costly and ineffective if it is not. Conversely, transaction marketing can be profitable and successful, where it is appropriate, but a serious mistake where it is not” (op. cit., p. 18).

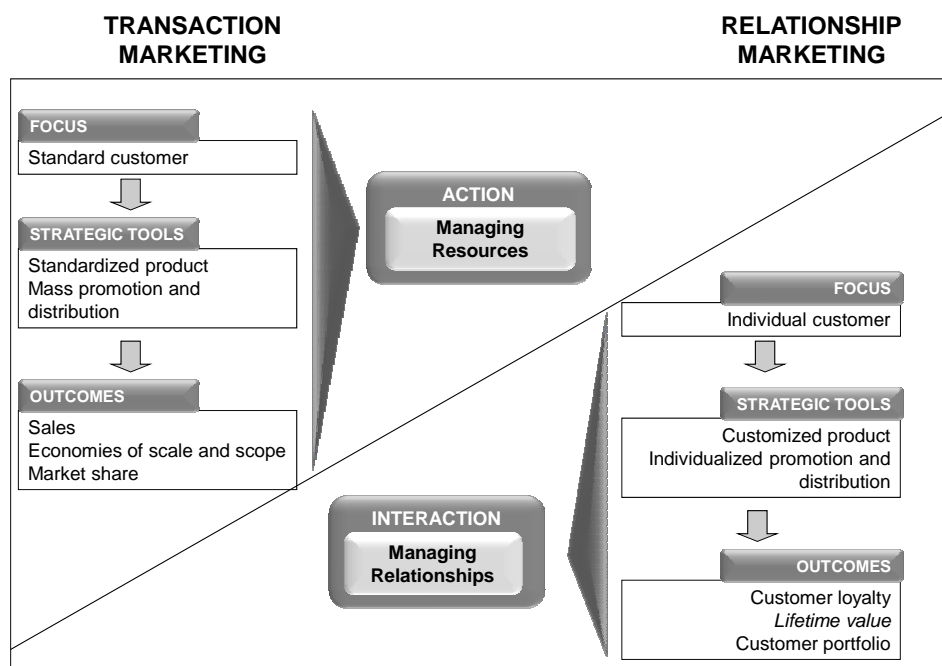


Fig. 1. Transaction versus relationship orientation

A slightly different perspective from that of Grönroos and Gummesson – for whom transaction marketing and relationship marketing are the poles of a continuum – is that of Pels et al. (2000). These authors suggest that it is not a question of a company assuming a posture that is more transactional or more relationship-oriented. To the contrary, “the transactional paradigm and the relationship-oriented (as well as the relevant approaches to the practice of marketing that they imply) are both appropriate” (op. cit., p. 16). In other words, transaction marketing can be regarded as the base, i.e. the “foundations of the house”. Without a correct segmentation of the market, without a choice of the targets, without an adequate positioning, without an effective management of the marketing mix variables, a company will be hard pressed to succeed. The question is not to be less transactional in order to become more relationship-oriented, or vice-versa. The question is in having to become transactional (because this is probably the basis of the approach) then being able to more or less pursue a relationship management. As these authors asserted (p. 16), everything depends on “the context of the market, the perception or interpretation that the buyer and seller have of this same context, as well as their perceptions on the way that the interaction can influence their situation in the market.”

A similar position was contended by Kristian Möller at the 36<sup>th</sup> EMAC Conference held in 2007. In the presentation he made there, the author began by affirming that “an important theme in the theory discourse is the strong criticism directed towards the Managerial School of Marketing (Sheth et al., 1988), and especially to the marketing mix framework. This criticism is quite diverse. Grönroos (1994), for example, suggested that the [marketing] mix is void of theoretical foundation, forming primarily a mnemonic device for students and managers (Dixon and Blois, 1983)” (Möller, 2007, p. 1). The

Managerial School of Marketing is that which – set upon the triad of segmentation, targeting and positioning – asserts that marketing management is done essentially on the basis of a series of variables that, taken together as a whole, constitute the marketing mix. Philip Kotler is generally considered the most representative author of this school (cf. Kotler, 2002). This paper does not aim to discuss the criticism of that school of thought – for those so interested, a comprehensive view can be found in Constantinides (2006) and Vargo and Lusch (2004). However, Möller (2007, p. 5) concludes that “the Managerial School of Marketing provides still the best approach for those marketing management decision contexts, where there exist a market of customers or a set of customer relationships, which are characterized by market like exchange conditions”.

To sum up, there are two broad aspects to be kept in mind. First, it is not a question of opting for relationship marketing or transaction marketing. The marketing approach of an organization is simply one of a relationship-oriented nature, be it to a greater or lesser degree. Second, relationship marketing, far from being a panacea that is in fashion, should only be used in proper measure with regard to the dictates of market conditions and the needs of the company.

### 3. Current streams of research

Finally, let us consider the current schools of thought with respect to those aspects of relationship marketing that have already been touched upon. There are two fields of research that must be mentioned: the Nordic School and the IMP Group. Besides that, the so-called Anglo-Australian School as well as the research done in the field of relationship branding also deserve a special attention. Table 2 offers a comprehensive view of the four streams of research that will be developed in the following sections.

Table 2. Comparative analysis of the main streams of research on relationship marketing

	Nordic School	IMP Group	Anglo-Australian School	Relationship approach to branding
Context	B2C	B2B	B2C and B2B	B2C
Focus of investigation	Services companies	Industrial companies and their supply and distribution chains	Industrial and consumer companies	Mass consumption brands
Scope	Limited	Wide	Limited and wide	Limited
Relationships studied	Company-consumer	Company-company	Company-consumer, company-stakeholders	Brand-consumer
Main conceptual constructs	Perceived quality Expectations Consumer satisfaction Loyalty	Interaction Networks Interdependence Actors- resources-activities model	CRM Quality management 6 Markets Model	Relationship between brands and consumers Brand personality Emotional ties

Table 2 (cont.). Comparative analysis of the main streams of research on relationship marketing

	Nordic School	IMP Group	Anglo-Australian School	Relationship approach to branding
Typical research questions	What are the determinants of customers' satisfaction? What are the antecedents and consequents of customers' loyalty? What are the determinants of customers' expectations? What is the impact of satisfaction on corporate performance?	How does the interaction process between two companies develop? Why and how do inter-organizational relationships evolve? What is the structure and dynamics of an industrial network? What are the determinants of the dynamics of industrial networks?	What is the impact of CRM on corporate performance? What are the determinants of quality? What is the impact of quality on corporate performance? What are the key features of the network of relationships a company establishes with the stakeholders?	What is the content of the consumer-brand relationship? How does a brand characterize in terms of personality? What are the determinants of emotional relationships? Why do consumers establish relationships with brands?
Methodological approach	Qualitative (although research conducted in the U.S. is mainly quantitative in nature)	Qualitative	Qualitative	Qualitative and quantitative
Main references	Blomqvist et al. (1993), Grönroos (1990; 1994; 1996; 2000; 2006a; 2006b; 2007), Gummesson (1991; 1993; 1996; 1998; 2002), Lehtinen et al. (1994), Storbacka (1994), Strandvik and Liljander (1994)	Araújo, Dubois and Gadde (2003), Axelsson e Easton (1992), Ford et al. (1998; 2006), Håkansson (1982; 1987; 1989), Håkansson et al. (2004), Johanson and Mattsson (1985), Turnbull and Valla (1986)	Buttle (1996; 2004), Christopher, Payne and Ballantyne (1991; 2002), Payne, Ballantyne e Christopher (2005)	Aaker (1997), Aaker and Fournier (1995), Aaker et al. (2004), Aggarwal (2004), Fletcher and Simpson (2000), Fournier (1994; 1995; 1998), Lindberg-Repo and Brookes (2004)

**3.1. Nordic School.** Emerging from research undertaken primarily in the services field, this school finds its roots in Nordic countries such as Sweden and Finland. Important authors are Christian Grönroos and Evert Gummesson (Grönroos, 1990; 1994; 1996; 2000; 2006a; 2006b; and 2007; Gummesson, 1991; 1993; 1996; 1998; and 2002) as well as Blomqvist et al. (1993), Lehtinen et al. (1994), Storbacka (1994), and Strandvik and Liljander (1994) amongst others.

The main contribution of the Nordic School is that in services, as in other contexts where relationships are important, marketing decisions cannot be separated from the overall and functional management of the company. That is, when making decisions, whether of general or for a specific functional area, managers must take into account market considerations and customers. Moreover, as highlighted by Grönroos (2007), research conducted in this school has taken essentially a qualitative and conceptual nature, rather than a research-oriented hypothesis testing based on more quantitative methodologies.

In this context, this school has made important contributions in regarding customer loyalty and customer satisfaction. In general, it is assumed that this depends on the perceived quality and this is determined by two factors: the expectations of the customer and that perception of the service after its provision. This liaison between expectations and perception has been widely studied in the context of marketing services. For example, the models of Grönroos (1982), Brogowicz et al. (1990), Gummesson (1993) as well as the SERVQUAL (Parasuraman, Zeithaml and Berry, 1985; Zeithaml and Bitner, 1996; Zeithaml, Parasuraman and Berry, 1990) are based on the idea that perceived quality results from a comparison between expectations and perceptions.

Two important points deserve our attention. First, from the marketing point of view, quality is something that is the result of one's perceptions. This means that the quality of any service can be seen in a distinctively unique way depending on the customer, since these perfectly individual perceptions correspond to what each person understands by the service. On the other hand is the issue of expectations. Indeed, quality that is perceived does not depend solely on the perception of what is being offered, but also takes into account the comparison that the customer will make of that perception and the way it meets the expectations that he/she had. For a characterization and more detailed analysis of the Nordic School see Berry and Parasuraman (1993), Grönroos (2007) and Grönroos and Gummesson (1985).

**3.2. IMP Group.** The IMP Group – Industrial Marketing and Purchasing has some of its roots in Scandinavia although it has important research centres in the United Kingdom (namely the Universities of Lancaster, Manchester and Bath) and in France, with a special mention to Lyon.

Quite centred in relationship studies, some of the most important theoretical developments coming out of the IMP Group are the interaction model (cf. Håkansson 1982, Turnbull and Valla, 1986) and the network model (cf. Håkansson and Johanson, 1992). These authors created a model called ARA (actors-resources-activities) that provides an integrated and dynamic vision of organizational relationships. The relational and network perspective adopted has led to important works on the dynamics of industrial markets (Håkansson et al., 2004) and supply relationships management (Ford et al., 2003). As in the case of the Nordic School, the IMP Group has based much of the research on qualitative methodologies,

with a strong emphasis on case studies. A number of authors have addressed methodological issues, given its importance in the context of the network research (cf. Dubois and Araújo, 2004).

The most important authors in the group are, among others, Håkan Håkansson, Lars-Gunnar Mattsson, Jan Johanson, Geoff Easton, David Ford, Peter Turnbull and Luís Araújo (see Araújo, Dubois and Gadde, 2003; Axelsson and Easton, 1992; Ford et al., 1998; 2006; Håkansson, 1982; 1987; 1989; Johanson and Mattsson, 1985).

**3.3. Anglo-Australian School.** In addition to the research undertaken by the Nordic School and the IMP Group, worthy of note are the works of by the Anglo-Australian School. We refer specifically to the studies of Francis Buttle (Buttle, 1996 and 2004), and Martin Christopher, Adrian Payne and David Ballantyne (Christopher, Payne and Ballantyne, 1991; 2002; Payne, Ballantyne and Christopher, 2005). Although today this group of authors is dispersed throughout the United Kingdom and Australia, their common denominator and origin is the Cranfield School of Management, where all four studied.

To Buttle, credit is due for developments in the area of CRM (customer relationship management), quality management, the value of customer relationship (lifetime value) and analysis of customer. Christopher, Payne and Ballantyne, on their turn, have developed an outstanding work in the field of the relations with different types of actors embodied the so-called Model of 6 Markets. Essentially, this is a tool that deals with relationship management with the main stakeholders of a company: customer market, supplier and alliance market, internal market, recruitment market, influence market and referral market.

The customer market includes three categories: direct buyers, intermediaries and final consumers. The supplier market is made up of players who provide products or services, streaming this process on a continuous basis with the client's business, while the alliance includes all those entities that typically provide skills and capabilities based more on knowledge than on the product. The third major market, the internal market, includes the employees. Managing relationships at this level is mainly a matter of internal marketing. Related to this is the recruitment market which includes those who can potentially come to work with the company. Finally, influence markets and referral markets are formed, respectively, for those that directly or indirectly can influence the direction of the company (shareholders, financial analysts, media, advocacy groups, consumers, environmental organizations, unions, etc.) and those who can give some information about the company.

**3.4. Relationship approach to branding.** A final mention goes to the research done in the field of relationship branding. Although it does not appear as a 'school' of relationship marketing in the literature, the pioneering work of Susan Fournier in the field of the relationship between consumers and brands cannot be left out. With a doctoral thesis entitled, "A Person-Brand Relationship Framework for Strategic Brand Management" (1994), Fournier initiated a stream of research that brings together two areas of knowledge: brand management and consumer psychology.

Fournier's central idea is that customers establish relationships with brands not only because they offer functional benefits. Customers tend to establish relationships with brands in such a way that, during their life, they increase in value and significance over time. Some of these aspects can, in fact, be of a functional nature if they result from a utilitarian component of the brand. But others can be emotional with regard to the feelings they display.

One aspect that relates to this has to do with Jennifer Aaker studies on brand personality – there is even joint work involving this author and Fournier (cf. Aaker and Fournier, 1995; Aaker, Fournier and Brasel, 2004). Aaker (1997), who developed research in the context of the U.S. market, came to the conclusion that brands, like people, have personality traits. Based on this study, she developed a typology of five categories of brands: sincerity, excitement, competence, sophistication and ruggedness. Later studies (Aaker et al., 2001) conducted in the Spanish and Japanese markets came to slightly different conclusions, showing that her initial typology is not easy to generalize.

A key issue is how to characterize the content of the brand-consumer relationship. If there are multiple dimensions through which it is possible to characterize this relationship, one of the most referenced is the functional versus the emotional. Already highlighted in studies by Fournier, it has been adopted by many authors such as De Chernatony (2006), Elliott and Percy (2007), Martesen and Gronholdt (2004), and Yu and Dean (2001). Beyond Fournier and Jennifer Aaker, there is an important set of researchers, who have approached brands from an eminently relationship-oriented point of view, such as Aggarwal (2004), Fletcher and Simpson (2000), and Lindberg-Repo and Brookes (2004).

#### **4. Implementing a relationship marketing approach**

The development of a relationship marketing policy is based on three key elements: identifying and understanding the customers, selecting them and, finally, adapting the offering to each of them. Similar systematisations can be found, for instance in Pep-



pers, Rogers and Dorf (1999) and Winer (2001). Don Peppers and his colleagues suggest four steps for the implementation of a one-to-one marketing strategy: identification, differentiation, interaction and customization. Russell Winer is more detailed and suggests a set of seven basic components: creating a customer database, analysing the data, selecting the customers, targeting them, developing relationships' programs, adopting privacy issues and producing a metrics for measuring the results. Compared to these categorizations, the systematization proposed in this article has the advantage of being more concise and structured.

**4.1. Identifying and understanding customers.** The implementation of a relationship marketing policy requires identification and knowledge of present and potential customers (O'Malley and Mitussis, 2002). Databases are important inasmuch as they are an essential tool not only for carrying out marketing initiatives aimed at the average profile of the target segments, but also for the development of one-to-one interaction with customers – both at the level of the product and the service as well as in terms of communication, distribution, etc. (Rust and Kannan, 2003).

Without wishing to go into this too deeply – especially as it is so easy to enter the field of information systems – it is essential to stress the importance of new information and communication technologies (Swift, 2001). The capacity to store data (data warehouse) and to extract data (data mining) that new technologies offer enables organizations to deal with huge amounts of information concerning a vast number of customers.

**4.2. Selecting customers.** Customers are the most valuable asset of any company (Rust et al., 2004). However, not all of them are of equal interest. There are customers who, because of what they buy (low value), the way in which they pay (badly) or how much they complain (a lot), are of no interest to a given company. It is therefore necessary to be aware of one of the central ideas of relationship marketing: it is preferable to do little but good business with few customers than a lot of bad business with many customers. This is why customers must be selected.

This selection must be made on the basis of two issues (Storbacka, 2000). Firstly, the *lifetime value* of each customer, i.e., the value of the customer estimated on the basis of his expected income throughout the life of the relationship. It reflects the flow of future profits that a given customer might generate, discounted accordingly to the present time. Secondly, the strategic value: customers transfer value to the company, not only through what they buy but also through the prestige they can bring, the know-how they transfer, the access to markets they provide, etc. Although it is difficult to quantify, this

value is essential for launching different marketing programmes for customers.

**4.3. Adapting offering.** Once customers have been selected, the offering must be adapted to each of them. Customization is the key issue. Introduced in the literature by Peppers and Rogers (1993), one-to-one marketing is often used as a synonymous of relationship marketing. Though they deal with different concepts, they are closely related. In fact, in most cases it is impossible to assume a relationship approach without a certain degree of customization; in the same way, it is impossible to carry out an individualized approach without interacting and relating with customers.

When we talk about adapting the offer, in general we think on adjustments at the level of the product. Although mass customization has more to do with operations management than with marketing itself, it is obviously an important tool in this field. However, we should not forget that these adjustments often occur not only at the level of the product, but also within the scope of the associated services (financing, guarantees, maintenance plans ...), the communication supports (direct marketing is an excellent instrument in the application of a relationship marketing policy) and the distribution channels (Peppers and Rogers, 2004).

One of the most essential characteristics in the development of a relationship approach is the co-creation of value. The question of value creation for the customer is a key issue in the field of marketing, as Wilson (2003) points out. By way of example, Phillip Kotler and Kevin Keller structure a large part of the 12<sup>th</sup> edition of their book *Marketing Management*, published in 2006 around this problem: how to create value for the customer, how to communicate it and how to pass it on. What is specific about relationship marketing is that the customer is often an active part of this value creation. In other words, while in transaction marketing the customer is usually a mere active element in the consumption, in relationship marketing he or she becomes an active part in the logistics and productive processes, co-creating value together with the company (Baltantyne and Varey, 2006).

## Conclusion

Relationship marketing is one of the areas with most expression in the field of marketing, recognized not only by academics but also by practitioners. Firstly, it has a high potential for research given the multidisciplinary nature of the issues it addresses in as much as it combines a wide range of studies on services, distribution channels, brand management, quality, customer loyalty, and so forth. It also involves areas that are outside the specific field of marketing, such as information systems because of the increasing impor-



tance of information and communication technologies. One thing is true: it is an area that, given the recent developments, cannot be neglected by those who, both theoretically and practically, want to keep up to date in the context of marketing.

However, attempting to answer the question raised in the beginning of this article, evidence was not found that relationship marketing has a solid and consistent body of theory which suggests that we are facing a new paradigm. Maybe eventually this will occur in the future. But at present, the diversity of conceptual frameworks and methodological approaches suggests that there is still some way to go. An example of this are the very different definitions of relationship marketing. These include the more narrow views on relations focusing only on the customers as well as the broader perspectives including the overall network of relationships a company has.

Nevertheless, relationship marketing has important contributions for practitioners. Firstly, since research is very much based on case studies, there is a whole process of benchmarking that can be used by marketers in their business practice. Secondly, because the

variety of contributions is indeed remarkable. Its application in the business world is increasingly evident. It is not only the multiple direct marketing configurations that are being increasingly utilized and which enter the field (not being restricted to physical mail) as mobile marketing. It is the individualization of products, it is the increasing use of services, it is loyalty programs – in fact, it is the multiple channels of interaction with the customer.

From a managerial point of view, there are several fields within the relationship marketing scope that are likely to be relevant for those who manage relationships with customers and other stakeholders. One-to-one marketing, viral marketing, social networks marketing, tribal marketing, sense marketing and experiential marketing are some of the fields with a growing interest for marketers.

Relationship marketing: old wine in a new bottle? To sum up, evidence was not found that one can yet speak of a new wine. But, apparently, both researchers and practitioners are struggling to develop a new wine. We have to look forward to seeing the next developments in this front.

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